

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2179 - HB 2487**

February 9, 2016

**SUMMARY OF BILL:** Requires the placement of speed limit signs as close as possible to the beginning of the speed limit zone on state and interstate highways, provided the signs may be moved for other signs that have a higher primacy; requires second speed limit signs be placed within 1,320 feet from the first sign; and all subsequent signs be placed within 4,000 feet from the previous sign. The provisions of the bill shall only apply to signs erected or installed on or after July 1, 2016.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$384,300/Highway Fund**

**Increase Local Expenditures - \$49,300\***

**Assumptions:**

- The first and second signs required by the proposed bill are assumed to occur under law.
- The proposed bill requires that all subsequent signs be placed within 4,000 feet, or 0.75 miles, from the previous signs erected 1,320 feet following the first sign.
- Currently, there are 2,208 interstate miles and 28,000 state route miles in Tennessee.
- According to the Department of Transportation (TDOT), of the 28,000 state route miles, 6,876, or 32 percent, are state route miles inside cities that are not controlled by TDOT, and 21,124, or 68 percent, are state route miles outside of cities that are controlled by TDOT.
- Currently, there are 615 interstate speed limit signs and 16,772 state route speed limit signs in Tennessee.
- According to TDOT, interstate signs cost \$2,400 per sign and state route signs cost \$150 each.
- Based on the information provided by TDOT, it is estimated that if the proposed legislation was applicable to signs currently installed along existing interstates and state routes, and in the absence of speed limit changes on such existing roads, 2,329 interstate signs [(2,208 interstate miles / 0.75 miles between signs) – 615 current interstate signs] and 20,561 state route signs [(28,000 state route miles / 0.75 miles between signs) – 16,772 current state route signs] would be required at the 0.75 mile mark or 4,000 feet after the previous second speed limit sign installed 1,320 feet from the first sign.
- In such case, the additional interstate speed limit signage would result in a one-time increase in state expenditures from the Highway Fund of \$5,589,600 (2,329 interstate signs x \$2,400 per sign); the additional state route speed limit signage would result in a

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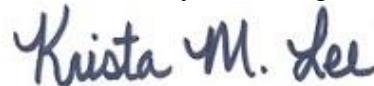
one-time increase in state expenditures to the Highway Fund of \$2,097,150 [(20,561 state route signs x .68 TDOT installed) x \$150)]; therefore, the total one-time increase in state expenditures to the Highway Fund would be \$7,686,750 (\$5,589,600 + \$2,097,150).

- In addition, the state route speed limit signage provided by cities relative to current signs and existing roadways would result in a one-time increase to local expenditures of \$986,850 [(20,561 state route signs x .32 – local installed) x \$150)].
- However, this proposed legislation only applies to signs that are erected or installed on or after July 1, 2016, and does not require addition of new signs along existing interstate roads or existing state routes.
- It is assumed that if speed limits change on any existing roadways, the provisions of this bill will apply.
- The exact number of additional signs that will be required as a direct result of this bill along existing interstates or along existing state routes when speed limits change, or along new interstates or state routes that are built in the future, are unknown.
- However, the total number of signs that will be required to be installed by TDOT or local governments in any given year as a direct result of this bill, when such signs would not be required in the absence of the bill, is estimated to be five percent of the estimated number of signs that would be required by such entities if the legislation required the addition of signs relative to existing interstates and state routes in the absence of speed limit changes.
- The following estimated impact assumes that if a new highway or roadway is built, then the first and second signs would be installed under the provisions of current law (for which no costs are estimated); and that only the third sign (if applicable) would be required at the 4,000 foot mark (for which costs are estimated) following the second installed sign at the 1,320 foot mark because such third signs are assumed not to be required under current law.
- As a result, the total recurring increase in state expenditures from the Highway Fund is estimated to be \$384,338 (\$7,686,750 x 5.0%).
- The mandatory and recurring increase in local government expenditures is estimated to be \$49,343 (\$986,850 x 5.0%).

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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